

Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 (ISO) W

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P 251653Z JUN 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 1773

C O N F I D E N T I A L SECTION 1 OF 2 ROME 9148

EXDIS

FOR ASSISTANT SECRETARY HARTMAN

E.O. 11652: GDS

TAGS: PINT, PFOR, IT

SUBJECT: ASSESSMENT OF ITALIAN POLITICAL SITUATION

REF: A. ROME 8676

B. ROME 8772

C. ROME 8773

D. ROME 8837

E. ROME 8889

1. SUMMARY: HEAVY COMMUNIST GAINS IN ITALIAN LOCAL ELECTIONS JUNE 15-16 HAVE PUT ITALIAN POLITICS AT THE NATIONAL LEVEL IN A STATE OF TURMOIL. ALL PARTIES ARE ADDRESSING THEMSELVES TO THE QUESTION OF WHAT CAN BE DONE WITHIN THE NATIONAL PARTIES AND WITHIN THE NATIONAL GOVERNMENT TO RESPOND TO THE DEMANDS OF THE ELECTORATE AND THEREBY TO CONTAIN COMMUNIST ELECTORAL ADVANCES. MOST OBSERVERS AGREE THAT IF THE NEXT TWO YEARS DO NOT SEE MUCH BETTER PERFORMANCE BY THE ITALIAN GOVERNMENT, ESPECIALLY ON ECONOMIC AND SOCIAL ISSUES, THEN THE CHANCES OF COMMUNIST PARTICIPATION IN THE NATIONAL GOVERNMENT WILL BE MARKEDLY INCREASED. END SUMMARY.

1. THE LARGE COMMUNIST GAIN IN THE ELECTION OF JUNE 15-16 IS A FACT OF GREAT POLITICAL SIGNIFICANCE. THE HISTORIC COMPROMISE (COMMUNIST PARTY (PCI) PARTICIPATION IN THE NATIONAL GOVERNMENT) IS NOT JUST AROUND THE CORNER, BUT THE PCI (AND ITALY) CONFIDENTIAL

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HAS MADE A QUANTUM JUMP TOWARD IT. THERE IS, THUS, AN INCREASE

IN THE MIDDLE AND LONG-TERM THREAT TO US INTERESTS IN ITALY
THAT DESERVES CAREFUL RE-EXAMINATION.

2. THE ELECTIONS: IN 1975, THE ITALIAN ELECTORATE SHIFTED SHARPLY TO THE LEFT AFTER ALMOST 30 YEARS OF TRULY REMARKABLE STABILITY IN VOTING PATTERNS. THE REASONS ARE SEVERAL. BROADLY SPEAKING, THEY INCLUDE VOTER DISPLEASURE WITH MANY YEARS OF GOVERNMENT CORRUPTION, INEFFICIENCY, AND INACTION; THE INTERNAL EFFECTS (INFLATION AND UNEMPLOYMENT) OF AN ECONOMIC RECESSION WHOSE CAUSES WERE AGGRAVATED BY THE OIL PRICE HIKES FOLLOWING THE ARAB-ISRAEL WAR OF 1973; AND THE FEETIVENESS OF LONG-TERM GROWTH OF COMMUNIST INFLUENCE IN THE SCHOOLS, MEDIA, AND ORGANIZED LABOR. IN ADDITION, MANY COMMENTATORS ALSO POINT TO: A SKILLFUL AND SUSTAINED PCI GRASS ROOTS CAMPAIGN; THE PARTICULARLY HEAVY IMPACT OF SHARP INFLATION (21 PERCENT IN 1974) AND UNEMPLOYMENT ON BLUE COLLAR WORKERS AND THE YOUNG (THOSE VOTING FOR THE FIRST TIME REPRESENTED 12-15 PERCENT OF THE ELECTORATE AND ARE COMMONLY BELIEVED TO HAVE BEEN RESPONSIBLE FOR MUCH OF THE PCI GAIN); A GROWING ACCEPTANCE BY THE ELECTORATE OF THE PROPOSITION THAT THE PCI HAS PROVED BY ITS PERFORMANCE IN LOCAL ADMINISTRATIONS THAT IT CAN AND WILL PROVIDE HONEST AND EFFICIENT GOVERNMENT AND THAT IT IS A RESPONSIBLE, DEMOCRATIC PARTY.

3. IMMEDIATE EFFECT: THE DIRECT RESULT OF THE ELECTIONS IS TO GIVE THE PCI, OFTEN IN COOPERATION WITH THE SOCIALISTS (PSI), AN INCREASED ROLE IN REGIONAL AND LOCAL GOVERNMENTS (REF B). SINCE THE ELECTIONS WERE FOR REGIONAL, PROVINCIAL, AND COMMUNAL OFFICES, THEY WILL NOT RESULT IN ANY IMMEDIATE CHANGE IN THE NATIONAL PARLIAMENT. NEVERTHELESS, THE FACT THAT THE PCI RECEIVED ONLY 1.9 PERCENT LESS VOTES THAN THE CHRISTIAN DEMOCRATIC PARTY (DC), WHICH HAS DOMINATED ALL ITALIAN GOVERNMENTS SINCE WORLD WAR II, IS HAVING A PROFOUND PSYCHOLOGICAL EFFECT ON THE ITALIAN POLITICAL PROCESS. ALL POLITICAL PARTIES ALREADY TACITLY ACCEPT THE PROPOSITION THAT THE ELECTORAL RESULTS MUST SOONER OR LATER BE REFLECTED IN CHANGES IN THE NATIONAL GOVERNMENT. ACTION ON THIS ISSUE IN THE NEAR TERM WILL DEPEND PRIMARILY ON THE LEADERSHIP OF THE TWO LARGEST NON-COMMUNIST PARTIES, THE DC AND THE PSI.

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4. SHORT TERM CHANGES IN THE NATIONAL GOVERNMENT: AS A PRACTICAL MATTER, THE FORMATION OF ANY NON-COMMUNIST GOVERNMENT IN ITALY MUST DEPEND ON THE SUPPORT OF THE DC AND PSI. BOTH PARTIES ARE BESET BY SERIOUS PROBLEMS. THE PSI IS DIVIDED AND DISORGANIZED; ITS LEADERSHIP IS NOT DYNAMIC, AND IT DOES NOT INCLUDE MEN WHO HAVE SHOWN THEMSELVES TO BE EFFECTIVE IN MANAGEMENT IN GOVERNMENT. WHILE THE LEADERSHIP IS PUBLICLY COMMITTED TO NON-COMMUNIST SOLUTIONS, MOST SOCIALIST LEADERS

OPPOSE EARLY RE-CREATION OF THE FOUR-PARTY CENTER-LEFT (WHICH GOVERNED ITALY 1962-72) BECAUSE THEY ATTRIBUTE THEIR GAINS IN THE RECENT ELECTION TO THEIR SHARP CRITICISM OF THE DC AND THE RECORD OF THE CENTER-LEFT. MOREOVER, THERE ARE MANY WITHIN THE PSI, PARTICULARLY AT THE GRASS ROOTS LEVEL, WHO WISH TO PURSUE A POLICY OF PARTNERSHIP WITH THE PCI.

THE DC ALSO IS DIVIDED AND IS LEAD BY A RELATIVELY SMALL GROUP OF MEN (EACH A LEADER IN ONE OF THE SIX MAJOR PARTY FACTIONS) SOME OF WHOM HAVE HELD TOP GOVERNMENT AND PARTY POSITIONS FOR TWO DECADES OR MORE. RIGHTLY OR WRONGLY, THEY ARE TAINTED IN THE PUBLIC MIND AS BEING RESPONSIBLE FOR CORRUPT AND INEFFECTIVE GOVERNMENT. SOME OF THESE LEADERS TEND TO BLAME THE ELECTION RESULTS ON A FAILURE IN DC CAMPAIGN TACTICS OR OPPOSITION BY THE MASS MEDIA. OTHERS RECOGNIZE THE VOTE AS A CLEAR SIGNAL FOR CHANGE, BUT DISAGREE SHARPLY WITH EACH OTHER ON WHAT TO DO ABOUT IT. THE HIGHLY STRUCTURED AND INBRED PARTY APPARATUS IS UNLIKELY TO ALLOW NEW LEADERS TO EMERGE AS LONG AS THEIR ELDERS WISH TO REMAIN ON THE SCENE. THE DILEMMA IS THAT MOST COMMENTATORS RECOGNIZE THAT A FAILURE OF THE DC TO RENEW FACES AND POLICIES WILL NULLIFY ITS CHANCES OF CONTAINING OR REVERSING RECENT COMMUNIST ADVANCES.

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FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 1774

C O N F I D E N T I A L SECTION 2 OF 2 ROME 9148

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FOR ASSISTANT SECRETARY HARTMAN

5. SHORT RUN ALTERNATIVES: THE PRESENT MORO GOVERNMENT, WITH OR WITHOUT RESHUFFLE, IS LIKELY TO BE ALLOWED TO CONTINUE FOR SEVERAL MONTHS WHILE OTHER ALTERNATIVES ARE EXAMINED. THOSE ALTERNATIVES ARE: (A) THE FIRST ALTERNATIVE, WHICH AT THE

MOMENT SEEMS THE MOST LIKELY, IS FOR THE NON-COMMUNIST DEMOCRATIC PARTIES OF THE CENTER AND LEFT TO PUT TOGETHER A NEW GOVERNMENT COALITION. THE DC HAS CALLED FOR THE RE-CREATION OF THE TRADITIONAL FOUR-PARTY CENTER-LEFT. THE PSI, FOR THE REASONS STATED ABOVE, OPPOSES THAT SOLUTION OR ANY OTHER SOLUTION WHICH DOES NOT SYMBOLIZE A CLEAR PUBLIC SHIFT TO THE LEFT. WHILE NO FORMAL PARTY POSITION HAS YET BEEN TAKEN, IT IS EXPECTED THAT IN ANY NEW GOVERNMENT THAT THE PSI MIGHT FORM WITH THE CHRISTIAN DEMOCRATIC PARTY, THE PSI WILL DEMAND A MUCH LARGER ROLE IN THE DETERMINATION OF POLICY AND A FIRM COMMITMENT TO ITS IMPLEMENTATION. THE PSI MAY DEMAND A HIGHER PRICE THAN THE DC IS WILLING TO PAY. (B) A SECOND ALTERNATIVE WHICH WOULD FOLLOW FROM FAILURE OF THE FIRST, IS TO HAVE NATIONAL ELECTIONS WITHIN THE NEXT 6-12 MONTHS, (THEY ARE SCHEDULED FOR MID-1977). NO MAJOR PARTY (OR PARTY LEADER), INCLUDING THE PCI, IS ON RECORD AS FAVORING ANTICIPATED ELECTIONS AT THIS TIME. SHOULD ANTICIPATED ELECTIONS OCCUR, THEY HAVE THE POTENTIAL FOR SHORTENING THE TIME AVAILABLE TO THE DEMOCRATIC PARTIES TO IMPLEMENT PROGRAMS THAT OFFER THE BEST HOPE OF CONTAINING COMMUNIST ELECTORAL GAINS. (C) THE THIRD ALTERNATIVE WOULD BE PARTNERSHIP BETWEEN THE DC AND THE PCI. THIS SEEMS VERY UNLIKELY IN THE SHORT RUN. ALL THREE OF THE
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MAJOR PARTIES CONCERNED, DC, PSI, AND PCI HAVE CLEARLY STATED THAT THEY DO NOT FAVOR THIS SOLUTION NOW. (D) NOT TO BE EXCLUDED IS THE POSSIBILITY THAT A GRAVE ECONOMIC OR OTHER NATIONAL CRISIS COULD PRODUCE A HASTILY CONSTRUCTED "GOVERNMENT OF NATIONAL SALVATION" WHICH UNDER MOST ASSUMPTIONS WOULD INCLUDE THE PCI. WHILE WE REGARD THIS SCENARIO AS A LONG SHOT, IT IS ONE WHOSE WARNING SIGNALS REQUIRE WATCHING.

6. THE MID AND LONGER TERM: THERE IS A GROWING TENDENCY AMONG MANY ITALIAN COMMENTATORS TO SEE THE FUTURE IN RATHER BLEAK AND BLACK TERMS. FEW WOULD SEE, HOWEVER, THE SITUATION AS HOPELESS. THE COMMON PRESCRIPTION IS FOR A FUNDAMENTAL CHANGE WITHIN THE DC, AS WELL AS A COMMITMENT BY ALL CONCERNED TO MAKE THE NATIONAL GOVERNMENT WORK. DIFFERENTLY STATED, THEY SEE A NEED TO CREATE A DYNAMIC, UNITED, AND EFFECTIVE GOVERNMENT COALITION THAT CAN AND WILL VIGOROUSLY ATTACK THE LONG LIST OF SOCIAL AND ECONOMIC PROBLEMS WITH WHICH ITALIAN SOCIETY IS BESET. THE PROBLEMS OF SUCH A GOVERNMENT WOULD BE COMPLICATED BY THE CURRENTLY DIFFICULT ECONOMIC AND UNEMPLOYMENT SITUATION. NEVERTHELESS, IF CHANGES IN THE NATIONAL GOVERNMENT ARE NOT MADE THAT REFLECT SOME BASIC CHANGES THAT HAVE OCCURRED IN THE SOCIETY, THAN A GREAT MANY BELIEVE THE COMMUNIST PARTY WILL CONTINUE TO GAIN AT THE POLLS WITH THE RESULT THAT THE PARTY COULD ENTER THE GOVERNMENT WITHIN THE NEXT 2-4 YEARS.

7. IMPLICATIONS FOR THE U.S.: THESE DEVELOPMENTS AND PROGNOSTICATIONS OBVIOUSLY HAVE IMPORTANT IMPLICATIONS FOR U.S. INTERESTS IN ITALY, THE MEDITERRANEAN AND EUROPE. THE EMBASSY IS UNDERTAKING A THOROUGH STUDY OF THE OPTIONS AVAILABLE TO THE USG IN CONFRONTING THESE PROBLEMS IN BOTH THE SHORT AND LONGER TERM.

8. PLEASE REPEAT TO WEST EUROPEAN CAPITALS AND MISSIONS AS APPROPRIATE. VOLPE

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